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MONTANA RAIL PLANNING NEWSLETTER

PREPARED BY: RAIL PLANNING UNIT, MONTANA DEPARTMENT OF HIGHWAYS

Is This the End of Rail Planning in Montana?

Absolutely not! The Department has only scratched the surface of investigations that need to be made. In addition to continued planning, the Department expects to implement several track rehabilitation projects using FY 1979 and FY 1980 Section 803 funds, as previously outlined in the draft **Montana Rail Plan**.

The focus of planning activities in 1979-1980 will be on three major "systems" studies, in addition to administrative, public participation, project planning and project implementation. These three studies are discussed in general terms in the following paragraphs.

The first is the grain subterminal study discussed briefly in both the draft **Montana Rail Plan** (pages 65-67) and in the last edition of this newsletter. The study will be a joint undertaking of the Department of Highways and the Department of Agriculture, with the work tasks divided between the two agencies on the basis of their expertise. The study will have three major phases. The first, to be undertaken between October 1979 and March 1980, will determine the economic and institutional feasibility of the grain subterminal concept and the number and approximate location of grain subterminals across the state. Assuming the concept proves to be feasible, the second phase would be to develop public support and prepare necessary legislation. This phase would be undertaken between April and September, 1980. A third phase, to be started perhaps as early as mid 1980, would be to proceed with project planning, preconstruction activities, land acquisition and tariff negotiations for a "pilot" grain subterminal preferably located in central Montana. Alternate locations would be considered, should serious implementation problems be encountered. The objective is to make major improvements in the transport of grain by taking full advantage of the economies of scale only possible through the use of unit trains.

The second addresses the retention of all or portions of the Milwaukee mainline between Miles City and Butte. There are four phases to this study. The first is to determine the economics involved in operating the line for local rather than transcontinental traffic, thus preserving service to communities located along this line and access to coal field in the Roundup area. Should this not prove to be possible (the Milwaukee has petitioned for the abandonment of this line), then the other phases would be carried out. The second would determine the feasibility of extending White Sulfur Springs and Yellowstone Park Railway operations from the present terminus at Ringling to a new connection with the Burlington Northern at Lombard. The third would investigate the feasibility of retaining the Milwaukee mainline between Miles City and Forsyth both as an alternate route for unit coal trains and to lessen the community impacts either being experienced or likely to be experienced should coal production double or triple over the next ten to twenty years. The fourth would investigate the possibility of rail banking portions of the Milwaukee mainline to retain future access to the coal fields located near Roundup.

The third extends the detailed light density line assessments (see Technical Appendix A) to additional lines. In Montana, some 1800 route miles (out of a total of 4800 miles) meets Section 803 density criteria and thus represent potentially eligible projects. So far, the Department has focused almost entirely on ICC systems diagram category 1 and 3 lines; lines which have been identified by the owning railroads as the subject of an abandonment action. These lines may not be those where public investment would produce the greatest public benefits. No decision has yet been made as to which lines will be included in an extended program.

The above rail planning program is tentative; major events could well occur which would change the character or focus of the rail planning program. Only time will tell. In any event, readers of this newsletter will be kept abreast of progress on the above studies and of any major changes deemed necessary.

Update on the Milwaukee Situation

Several events have occurred recently which may be of interest to those readers who closely follow the trials and tribulations of the Milwaukee Road.

1. On August 8, the Milwaukee filed an application with the ICC seeking permission to abandon 2,314 miles of track (all lines west of Miles City). The application marked the start of a controversial 155 day expedited procedure in which the ICC says it will decide the railroad's request. The Milwaukee filed its application after state District Judge Gordon Bennett dissolved a restraining order that would have halted the proceeding until at least August 20. Bennett issued the order on August 3 but dissolved it August 6 after U.S. District Court Judge Thomas McMillen of Chicago affirmed an old order giving that court site jurisdiction over the reorganization of the Milwaukee.
2. On August 9, the U.S. Department of Transportation released the results of several department-sponsored studies on the Milwaukee. One study concluded that the Save Our Railroad Employees (SORE) "as presently constituted...cannot initially and never will achieve self sustainability." Another report found that even with $136 million worth of rehabilitation work, the line could still lose up to $21 million in 1986 (under the most optimistic scenario of significantly increased business, the study found the line might reap a profit of $5 million in 1986). In a letter to Senator Baucus, Acting Secretary W. Graham Claytor Jr. ruled out (from USDOT's perspective) keeping the western lines operating with federal assistance either as part of the Milwaukee system or as an independent corporation owned by railroad employees. To do so, the Secretary further stated, "would be inconsistent with the weight of sound economic policy and would be an unjustifiable burden on the nations' tax payer."
3. On August 10, the Trustee filed a long awaited reorganization plan with the U.S. District Court recommending the abandonment of all trackage west of Miles City. The plan calls for the abandonment of about 6,400 miles of Milwaukee's 9,800 miles and the eventual elimination of 4,000 (out of 10,500) employees.
4. On August 27, the U.S. District Court heard arguments on the Milwaukee request to "embargo" service on 6,400 miles of track, including all lines west of Miles City. If granted, the embargo will terminate most Milwaukee service in Montana effective September 17. At press time, no decision had been reached by the court.

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Montana Rail Plan Submitted for Federal Approval

Since the last newsletter, a public information meeting has been held on the draft **Montana Rail Plan**. Comments received at the meeting as well as written communications received both before and after the meeting have been carefully reviewed. As a consequence, some changes have been made to the draft plan. In late August, Governor Judge accepted the **Montana Rail Plan** and submitted it to Federal Railroad Administration for approval. Final approval on the rail plan is expected in late September.

Those interested in reviewing the final **Montana Rail Plan** can find copies available at the eleven Highway Division Offices, the libraries of the Montana University System, and through the State Federation of Libraries.

600 copies of this public document were published at an estimated cost of .27 per copy for a total cost of $159.65, which includes $84.65 for printing, and $75.00 for distribution.

Editors Note:

This is the fourth edition of a newsletter prepared by the Rail Planning Unit of the Montana Department of Highways to keep those interested in rail planning in Montana informed of (1) the status of planning activities, (2) criteria and goals for rail service, (3) the analytical methods being utilized, and (4) findings and conclusions.

We again invite questions and comments of general interest to our reading audience. So far, we have not had much response. Please let us know whether this newsletter is meeting your needs for information on rail-related events in Montana. We will be happy to respond to questions and comments of general interest through this newsletter.

Should you desire to be included on the mailing list to receive this newsletter or if you have questions or comments, please contact:

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